

**ASSEMBLY BILL**

**No. 2174**

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**Introduced by Assembly Member Jones**

February 18, 2016

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An act to amend Section 130301 of the Health and Safety Code, relating to health care.

LEGISLATIVE COUNSEL'S DIGEST

AB 2174, as introduced, Jones. Health care.

Existing law, the Health Insurance Portability and Accountability Implementation Act of 2001, establishes the Office of Health Information Integrity within the California Health and Human Services Agency, which is responsible for implementing the provisions of the federal Health Insurance Portability and Accountability Act (HIPAA). Existing law makes various findings and declarations about HIPAA.

This bill would make a technical, nonsubstantive change to those provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 130301 of the Health and Safety Code
- 2 is amended to read:
- 3 130301. The Legislature finds and declares the following:
- 4 (a) The federal Health Insurance Portability and Accountability
- 5 Act (Public Law 104-191), known as HIPAA, was enacted on
- 6 August 21, 1996.

1 (b) HIPAA extends health coverage benefits to workers after  
2 they terminate or change employment by allowing the worker to  
3 participate in existing group coverage plans, thereby avoiding the  
4 additional expense associated with obtaining individual coverage  
5 as well as the potential loss of coverage because of a preexisting  
6 health condition.

7 (c) Administrative simplification is a key feature of HIPAA,  
8 requiring standard national identifiers for providers, employers,  
9 and health plans and the development of uniform standards for the  
10 coding and transmission of claims and health care information.  
11 Administration simplification is intended to promote the use of  
12 information technology, thereby reducing costs and increasing  
13 efficiency in the health care industry.

14 (d) HIPAA also contains new standards for safeguarding the  
15 privacy and security of health information. Therefore, the  
16 development of policies for safeguarding the privacy and security  
17 of health records is a fundamental and indispensable part of HIPAA  
18 implementation that must accompany or precede the expansion or  
19 standardization of technology for recording or transmitting health  
20 information.

21 (e) The federal Department of Health and Human Services has  
22 published, and continues to publish, rules pertaining to the  
23 implementation of HIPAA. Following a 60-day congressional  
24 concurrence period, health providers and insurers have 24 months  
25 in which to implement these rules.

26 (f) These federal rules directly apply to state and county  
27 departments that provide health coverage, health care, mental  
28 health services, and alcohol and drug treatment programs. Other  
29 state and county departments are *also* subject to these rules to the  
30 extent they use or exchange information with the departments to  
31 which the federal rules directly apply.

32 (g) In view of the substantial changes that HIPAA will require  
33 in the practices of both private and public health entities and their  
34 business associates, the ability of California government to  
35 continue the delivery of vital health services will depend upon the  
36 implementation of HIPAA in a manner that is coordinated among  
37 state departments as well as our partners in county government  
38 and the private health sector.

1     (h) The implementation of HIPAA shall be accomplished as  
2     required by federal law and regulations and shall be a priority for  
3     state departments.

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